ACQUISITION REDESIGN TEAM

RESOURCE DOCUMENT

A compilation of data and analysis developed by the team.

September 1996

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ACQUISITION REDESIGN TEAM RESOURCE DOCUMENT

I. TEAM CHARTER

The Acquisition Redesign Team was initiated by Assistant Director Nina Rose Hatfield's memorandum of February 7, 1996 (IM-96-42). The team first met in Salt Lake City, Utah during the week of March 18, 1996. In keeping with the fundamental goals of the team, the charter itself has been kept very brief, and includes a mission statement, a set of functional objectives, and administrative details of the team, as outlined below.

Mission Statement: To simplify the work processes of acquisitions to ensure the requisitioner can obtain goods or services at the best cost within the desired time frame.

Objectives:

- To radically redesign the acquisition process.
- To eliminate or combine steps.
- To eliminate duplicative efforts.
- To recommend implementation methodologies.

Constraints:

With guidance from the team's sponsors, the only significant constraint to redesign recognized was that existing statutes and non-Interior regulations would need to be complied with in any redesign.

Resources:

The team identified the need for adequate travel funds, as well as clerical and technical support, and additional subject matter expertise as required.

Team Members:

Julie Lewis, Procurement Analyst, Idaho
Joe Liebhauser, Area Manager, Arizona
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Team Advisor:

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Team Facilitator:

Milton Hill, Washington Office

Team Sponsors:

Nina Rose Hatfield, Assistant Director, Management Services Bill Calkins, State Director, New Mexico Note: About This Document:

This "Resource Document" is a compilation of input and process descriptions developed by team members. It was this background data, along with other documents referenced in the "Summary Report" that was used to develop options and to analyze procedures. It has not been edited or "cleansed" as a summary document, but is a raw collection of team input.

II. LIMITATIONS AND CONSTRAINTS TO REDESIGN

A. PROBLEM LAWS

There are some basic limitations to radical redesign resulting from existing law. As a practical matter, the Bureau simply does not have the attitude to design an acquisition system from scratch, and must comply with a number of existing laws and political realities.

1. Davis Bacon Act.

The law was passed some 65 years ago in an attempt to level the playing field between union and nonunion contractors in competing for government work within a geographic area. To some degree, it was intended to discourage migration of historically low-paid workers from the southern states from migrating north to compete with unionized workers in the north on large, Great Depression era government projects. It established the hourly rates to be paid to all worker on construction project valued at \$2000 or more. The law may have outlived its usefulness. It is a stumbling block in simplified acquisition and sealed bid procurements as it contributes to significantly higher construction costs, as well as high record keeping costs to ensure compliance with its provisions. The Davis Bacon rates are based on union rates paid to various work classifications within a specific geographic area. The rates are updated annually by the Department of Labor. The lobby to retain the Davis Bacon law is supported by labor unions and is very strong

As a compromise step, the dollar threshold on construction projects which require Davis Bacon rates be raised to match the Simplified Acquisition Threshold of \$100,000 as discussed in the Federal Acquisition Streamlining Act (FASA) and the Federal Acquisition Reform Act (FARA). This change would require modification to an existing law, but may be politically acceptable.

2. Service Contract Act of 1965.

The law was passed in an attempt to standardize the hourly rates paid to non-professional service workers performing non-union type work. A wage determination must be requested from the Department of Labor for each anticipated project over \$2500. The request process takes from 4-6 weeks, and a contract cannot be awarded without including a current wage determination.

It is recommended that the dollar threshold be raised to coincide with the Simplified Acquisition Threshold of \$100,000 set by FASA. Also it would be helpful if Department of Labor could issue rates under the Service Contract Act on a yearly basis in lieu of the present procedures.

3. Competition in Contracting Act.

This law requires that a synopsis be prepared and published in the Commerce Business Daily for all projects over \$25,000. The Act establishes a time frame for transmission and publication of the information (some 17 days) before a solicitation can be issued.

If not repealed, it is recommended the Act be modified to include only projects over the Simplified Acquisition Threshold. This would significantly reduce the time required to process small dollar purchases.

4. Buy American Act.

The law was established to encourage use of American-made goods and discourage the use of imported goods and materials on government projects. It was intended to provide a support for American industry generally, prevent loss of critical industries to overseas venues, prevent the perception of American taxpayers' dollars being spent outside the United States, as well as decreasing American dependence on foreign goods and industries.

In the current global economy, the Act can create inefficiencies. Many categories of goods are no longer manufactured in the US or by American firms. In other cases, foreign products may be of higher quality, greater utility, or be more readily available. Repeal may be politically unpopular, but expedited waiver procedures may be possible.

Brooks Act.

The law was established to assist architect/engineers competing for professional service contracts in being considered on technical merit rather than low bid. An underlying motivation was to allow certain contractors with long government track records to continue to obtain contracts without fear of being "underbid" by other firms. To somewhat control design prices a 6% limitation was set (based on the construction estimate) for inclusive services, i.e. those efforts directly related to design. This limitation is unrealistic, causes a great deal of criticism from A/E contractors, and makes negotiations difficult.

It is recommended that the limitation be increased to a minimum of 8%.

B. OTHER PROBLEMS AND CONSTRAINTS

The primary regulations governing acquisitions are the Federal Acquisition Regulations (FARs). Because of radical changes in these regulations over the past several years, they were not identified by the team as problematic.

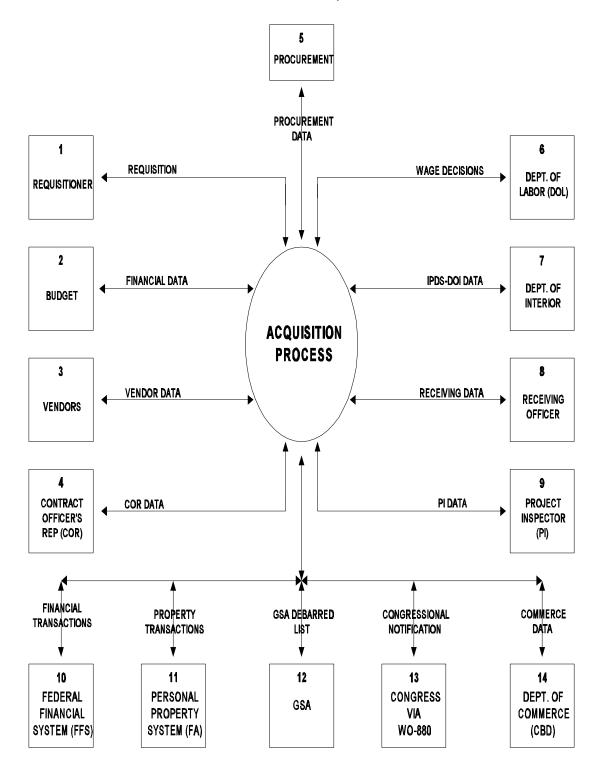
However, there are a number of other regulations and policies, both internal to BLM and external, that block simplification of the process. Many of these are requirements of OMB, GAO, and various Congressional committees. The general pattern of these rules is that they were instituted to resolve a real or perceived "loophole" in accountability, with the goal of preventing anyone from being able to misappropriate public funds. Unfortunately, the cost of maintaining these levels of review and accountability may exceed the value of the potential misappropriations they were intended to safeguard against.

III. MACRO-FLOW OF THE ACQUISITION PROCESS

The team developed both a context diagram of the acquisition process, and developed a macro flow of the acquisition process. The macro flow is simply obtaining and delivering the goods or services needed by the requisitioner to accomplish the mission of the agency and paying the vendor.

The team targeted the field or requisitioning office requesting the goods or services as the primary customer. Additional steps or processes that did not aid or speed delivery of the goods or services to the requisitioner were targeted for elimination, within the recognized constraints.

ILLUSTRATION 1. CONTEXT DIAGRAM OF ACQUISITION PROCESS



Please See Illustrations 2-20 For Further Details About The Acquisition Business Process.

ILLUSTRATION 2. MACRO ACQUISITIION PROCESS



IV. ACQUISITION PROCESSES ANALYZED FOR REDESIGN

A. Imprest Fund

Imprest fund transactions are the most basic acquisitions. Even though routine and of low dollar value, the current imprest process is cumbersome and involves over 20 separate tasks, or steps. The high level of labor involved make this process one of the least cost-effective acquisition tools, and ripe for redesign. The fundamental redesign initiative is to replace the imprest system with a cash-access automated teller machine (ATM) card to allow minimal cash purchases when required, but without the burdensome overhead of the current imprest system.

Current Imprest Process:

>>Part 1 - Disbursing the Money

Before Expenditure (Advance)

Requisitioner:

- 1. Complete 1510-18 with approval, charge code.
- 2. Take form to cashier. (C.O. review required by BLM if over \$100)
- 3. Obtain \$
- 4. Sign SF-1165 stub
- 5. Buy item.
- 6. Return to cashier with receipt and change or request for more money.
- 7. Sign receipt.

Alternate Method: After Expenditure (Reimburse)

- 1. Complete SF-1164 or 1510-18 with approval and charge code.
- 2. Take form and receipt to cashier during imprest hours; (Receipt must have vendor signature if over \$100. Treasury requirement/BLM requirement??)
- 3. Obtain \$
- 4. Sign receipt

>>Part 2 - Fund reimbursement process

Imprest cashier:

- 8. Sub-voucher (each receipt) is numbered, log completed
- 9. Stamp "paid"
- 10. Add charge code

- 11. File and accumulate
- 12. Prepare voucher for replenishment of \$
- 13. Enter each transaction obligation into the Federal Financial System (FFS) via Remote Data Entry (RDE).
- 14. Copy voucher for cashier file
- 15. Mail voucher to Denver, BC-630
- 16. Stat sampling by voucher examiner (to identify potential problems)
- 17. Voucher examiner enters payment into FFS
- 18. Check issued by Treasury
- 19. Check received in mail room & logged in.
- 20. Check routed to collection officer
- 21. Check routed to Imprest cashier
- 22. Cashier logs check in
- 23. Check is cashed
- 24. Cash is placed in cash box for use.

Process is repeated as necessary.

This process involves the following integral activities:

- -CO review of transactions over \$100. (BLM requirement)
- -Quarterly imprest audit by two impartial employees at the same office.
- -Annual & semi-annual audits and questionnaires done by NBC (Treasury requirement) and report sent to WO.
- -Daily reconciliation of fund by Imprest cashier, approval (by supervisor).

ILLUSTRATION 3. CURRENT IMPREST PROCESS

Part 1 - Disbursing The Money

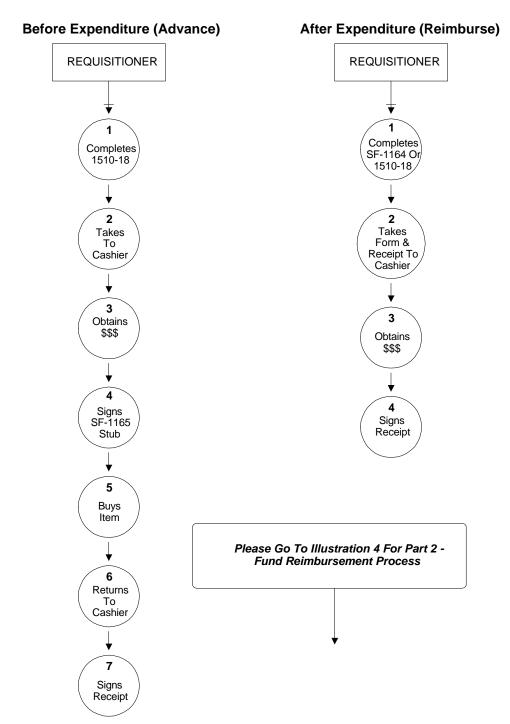
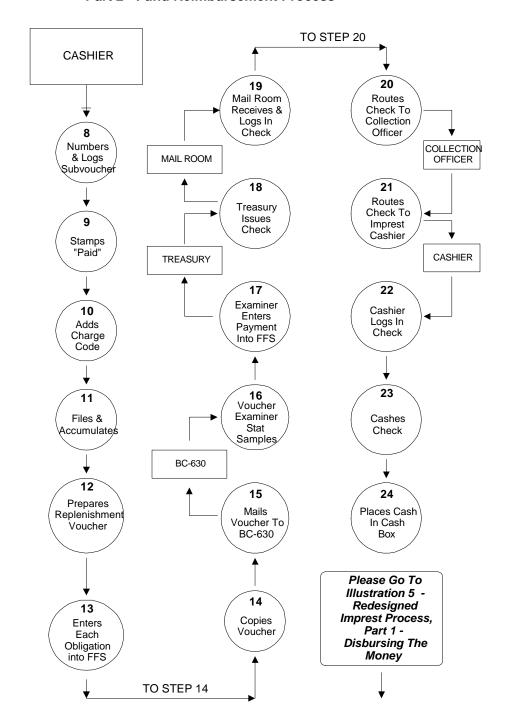


ILLUSTRATION 4. CURRENT IMPREST PROCESS

Part 2 - Fund Reimbursement Process



Redesigned Cash Purchase (Imprest) Process:

>>Part 1 - Disbursing the Money

Before Expenditure (Advance)

Requisitioner:

- 1. Obtain approval on requisition, obtain \$
- 2. Sign 1165 Stub
- 3. Buy item
- 4. Obtain approval signature on receipt with exception charge code if applicable. (Authority to approve can be redelegated to customer/purchaser)
- 5. Return to cashier with receipt and change or request for more money.
- 6. Sign receipt

<u>Alternate Method - After Expenditure (Reimburse)</u>

- 1. Present receipt with approval signature and exception charge code, if applicable, to cashier.
- 2. Obtain \$
- 3. Sign receipt.

>>Part 2 - Fund reimbursement process

Imprest cashier:

- 7. Stamp receipt "paid"
- 8. File and accumulate
- Obtain cash ATM advances against VISA card from bank. These advances will be charged to a predetermined cost code with exception coding allowed (management decision if cost effective).

As more \$ needed, cashier obtains more ATM advances.

- 10. Reconcile statement with ATM/bank receipts and prepare visa statement for payment.
- 11. Provide documents/visa statement to approving official.
- 12. Enter obligation via RDE to FFS.
- 13. Mail statement to Denver, BC-630.

(Once automated system set up for payment of VISA to Rocky Mountain Bank, 12 and 13 may not be required. See purchase card process.)

ILLUSTRATION 5. REDESIGNED IMPREST PROCESS

Part 1 - Disbursing The Money

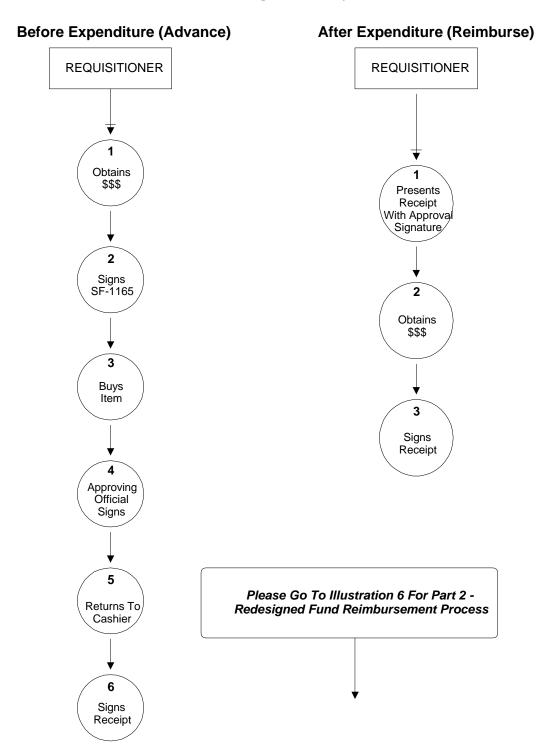
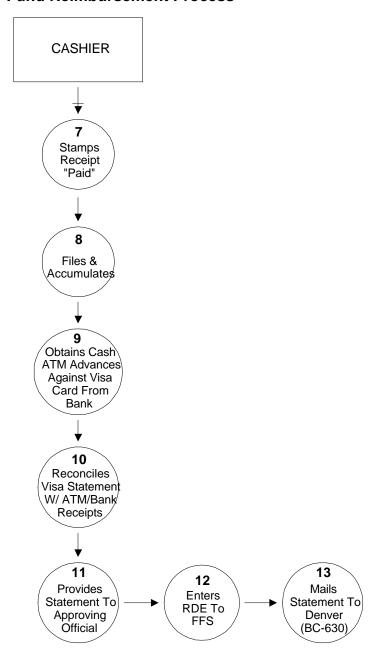
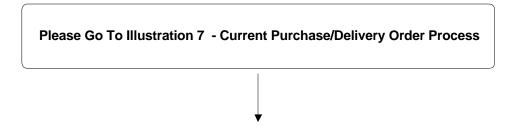


ILLUSTRATION 6. REDESIGNED IMPREST PROCESS

Part 2 - Fund Reimbursement Process





- Benefits of Proposed Changes
 - Requisitioner no longer needs to fill out a multi-part requisition for the small amounts of money that imprest is often used for.
 - Procurement no longer needs to assign requisition numbers. Numbers were previously assigned for data purposes so that we could respond to data requests from other levels of the organization. This step does not add value to the customer and is not necessary.
 - If spending authority is delegated to the requisitioner by the approving official, requisitioner no longer needs to chase down that supervisor to provide an approval signature for the purchase.
 - Use of cash advance ability will eliminate waits between reimbursement checks from Treasury. Currently, when there are delays in receiving checks, the imprest fund is often fully depleted before the next check arrives. In addition, this method allows us to use the bank's money as opposed to Treasury's.
 - The use of a predetermined cost code on the imprest visa card will significantly reduce the amount of coding and dollar figure information currently being keyed into the Federal Financial System. Employees currently doing RDE into FFS in the field offices, as well as voucher examiners at the Business center, are both involved in keying in this data.
 - The imprest fund reimbursement process is faster and less paper-intensive.

Feasibility

- Approving Officials who currently authorize spending can redelegate that authority to their employees. Spending limits or guidelines may be passed down to the employee, if appropriate.
- Bureau or Department-level coordination with Rocky Mountain Bank Company will be required to make cash advances from imprest cashiers' purchase cards.
- Bureau or Department-level coordination will be needed to establish a predetermined cost code for the imprest cashier's visa card. The actual code may differ from state to state, but all imprest charges would be considered basic "fixed costs". Some exception cost coding should be allowed for special items or items over a particular dollar amount.
- Remaining Constraints (Statutes and Regulations)

No remaining constrains were identified that would prevent implementation of the proposed redesign.

B. Purchase/Delivery Order Process

Current Purchase/Delivery Order Process:

- CO receives requisition from employee with specific need, cost code, due date and list of sources (if known). (Sometimes Statement of Work <SOW> needed if service desired is somewhat complex).
- 2. CO assigns requisition number.
- 3. If item is over \$2500, CO obtains competition from three sources and awards to low quoter. If item is under \$2500, CO arranges purchase from any satisfactory source.

If request for quotes (RFQ) methods are required, refer to RFQ process (RFQ steps 1-11 in the

next section)

- 4. PO number assigned and given to vendor.
- 5. PO created with full order information (prices, delivery date, vendor name, phone number, charge code, etc.)
- 6. PO faxed or top copy (white) mailed to vendor if vendor requires a paper copy of PO, otherwise oral order may be placed providing just the PO number.
- 7. If we have not worked with this vendor before, CO gives vendor SF-3881, form that collects vendor's bank information so that payment can be made electronically. (vendor completes form and mails to BC)
- 8. If we have not worked with this vendor before, CO gathers information from vendor that is needed to complete the vendor number request form. Completed form sent to BC so that a vendor-specific number is assigned.
- 9. PO entered into FFS via RDE to obligate \$.
- 10. PO distributed internally as follows: Yellow PO file, Pink obligation -
- 11. Blue receiving signed by warehouse person when item received and
- 12. CO holds blue receiving in PO file until invoice received.
- 13. Blue receiving matched up with invoice.
- IF FINAL:
- 14. Blue receiving stamped "final payment", One copy made for PO file.
- 15. Full copies (front and back) of invoice made for PO file.
- 16. Blue receiving and invoice sent to BC for payment.

To Step 19, Below -

- IF PARTIAL:
- 14. Copy of PO is stamped "partial payment". (partial #1, #2, etc.) One copy made for PO file.
- 15. Make Copy of invoice.
- 16. Original invoice and stamped PO from 14 are sent to BC for payment.
- 17. Copy made in 14 and copy of invoice are kept in PO file.
- 18. Steps 14-17 are repeated until final payment is made.

Payment Process:

- 19. Voucher examiner assembles the voucher packet to process payment. Packet is made up of the invoice, receiving report and a valid obligation (bill, contract, PO, etc.)
- 20. For payments under \$2500, a cursory audit is done to make sure

- For payments over \$2500, a complete audit is done where everything is reviewed for accuracy and proper authorizations.
- 21. Under \$2500, the PV (payment voucher) document is entered into FFS
- 22. FFS schedules (determines the date) for payment and prints out the schedule (list of all payments due on the same day) on SF-1166.
- 23. Certifying Officer signs the SF-1166 (schedule) and physically mails it to Treasury via overnight mail.

Redesigned Purchase/Delivery Order process:

(Used when there is no blanket purchase agreement, transaction is above imprest limit or vendor won't take VISA)

- CO receives requisition from employee with specific need, cost code, due date and source(s). (sometimes statement of work <SOW> needed if service or construction desired is somewhat complex)
- 2. If item is less than \$2500, CO awards to quoter that offers best value. If item is over \$2500 and is not available from an established government contract (GSA, BLM, etc.), CO obtains competition using one of the following methods and awards to best value small business source.
- Oral method of competition:
 - Generally call three vendors and get verbal quotes
 - Generally ask three vendors via Internet and get "verbal/electronic" quotes
 - Search 3 vendors' Internet price lists
- RFQ method of competition:
 - Prepare SF-18, mail or fax to three local vendors
 - Prepare electronic SF-18 and transmit to three local vendors. (Refer to RFQ process in next section)
- FACNET method of competition: Use when available if customer desires lowest bid from maximum national sources.
- 3. Select source and determine method for buy in the following order:
 - Delivery Order against established contract in following preferred order: oral, electronic, then written.
 - Purchase Order, in following preferred order: oral, electronic, then written.
- 4. If new vendor, obtain TIN, and send SF-3881 for electronic payment, and establish vendor file.
- 5. Issue order orally, electronically, or in writing using Pre-Printed Forms System (PPFS) software and download data in an electronic file into FFS to forego double entry. (PPFS/FFS interface needs to be developed. If not, the current method of manually entering the data into FFS will occur.)
- 6. If written order, may require contractor to provide acceptance.
- 7. Distribute copy of order to appropriate parties.

- 8. If required, notice to proceed diaries, progress payments (signed by contracting officer's representative (COR) & contracting officer (CO), final inspection and payment (release of claims required over \$100,000).
- 9. If modifications needed, document, negotiate and sign SF-30.
- 10. Receiving officer acknowledges receipt, i.e signs report, match with invoice, file closed (assuming final payment). (DOI Finance Officer's Partnership PAT #6 is developing electronic invoicing, automatic matching of invoices and receiving reports to streamline/lessen certification process)
- 11. Complete Contractor Performance Profile (documents past performance) and close file.

The following additional activities may occur on any given purchase order:

- -Terminations for convenience
- -Terminations for default
- -Assignment of Claims
- -Stop/Resume work orders

ILLUSTRATION 7. CURRENT PURCHASE/DELIVERY ORDER PROCESS

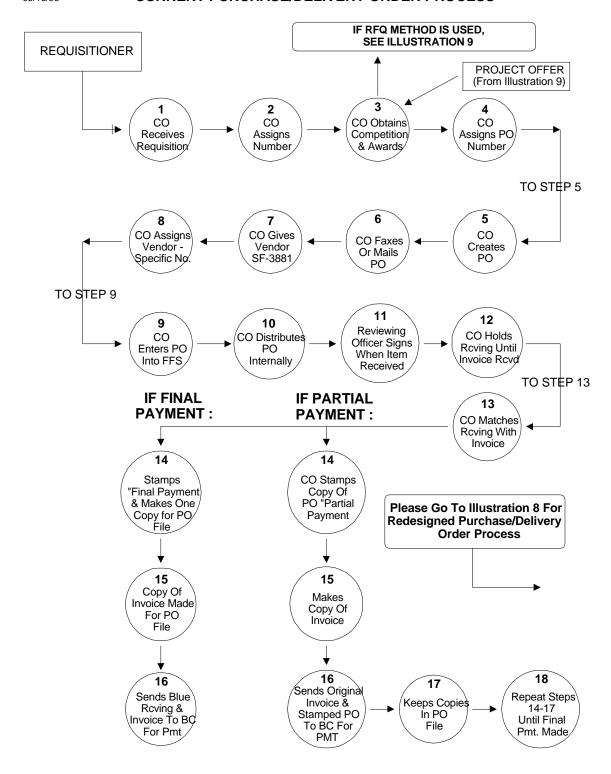
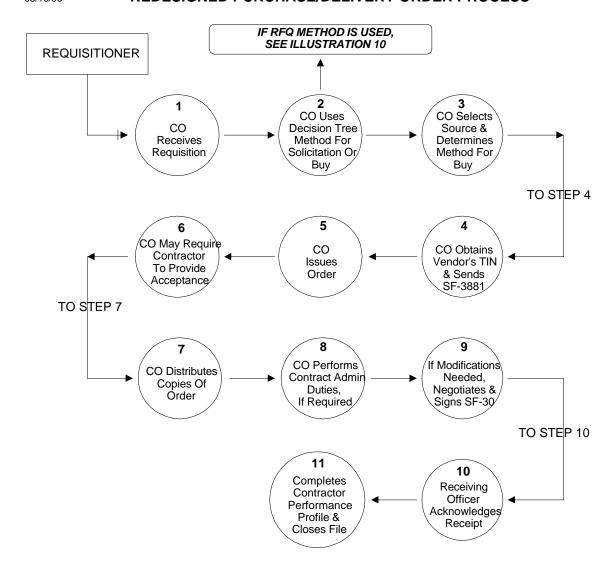


ILLUSTRATION 8. REDESIGNED PURCHASE/DELIVERY ORDER PROCESS



Please Go To Illustration 9 For Current Request
For Quotes Process

- Benefits of Proposed Changes

- Use of "preferred" to "least preferred" hierarchy of methods to accomplish a purchase will encourage the use of the most proper and efficient procurement tool for each transaction. It will also reduce the number of paper-laden processes such as Requests for Quotes and provide Contracting Officers more time for more complex transactions. Some offices have already been operating under these directions, but have done so only due to informal recommendations.
- Use of electronic tools such as the Internet to solicit and receive quotes will greatly reduce procurement lead times, reduce paper and increase the possibilities of reaching more contractors.
- A data download from PPFS to FFS would decrease the data entry currently required to input a purchase in the Federal Financial System. Much of the information input into PPFS is also needed in FFS.

Feasibility

- Bureau policy can be issued immediately to establish the procurement tool hierarchies from "preferred" to "least preferred" tools. Greater efficiencies can be realized once all procurement offices operate under the same decision tree for purchases.
- Use of the Internet to solicit and receive quotes will require Bureau and Department-level coordination.
- Bureau and Department-level coordination will be required to create an interface between PPFS and FFS.

- Remaining Constraints

- The <u>Service Contract Act</u> requires that a current Department of Labor wage determination is included in all service contracts over \$2500. The wage determination shows the prevailing minimum hourly wages and fringe benefit amounts that contractors must pay their employees for the work classifications in that project. Wage determinations must be requested by the Contracting Officer prior to soliciting each project subject to the law. The problems with this law are:
- It often takes several weeks before a response is received from Department of Labor (DOL), thereby increasing the procurement lead time. If a project with similar work is done again in the fiscal year, the wage determination used previously is not considered legal and the Contracting Officer is required to request a new one.
- The \$2500 threshold of the law is too low. The law was enacted over 30 years ago when wages, operating/overhead costs and workmen's compensation were lower. Most all service contracts today cost well over \$2500. If the threshold was raised, service contracts under the SAT (Simplified Acquisition Threshold) would be free of the requirements under this law and would save the government money on contract costs since there would only be minimum wage provisions.
- The <u>Davis Bacon Act</u> requires that a current prevailing wage determination, generally based on union wages, be included in all construction contracts over \$2000. The wage determination shows the minimum hourly wages and fringe benefit amounts that contractors must pay their employees for the work classifications in that project. Construction wage determinations are updated and issued regularly to all federal contracting offices. The law also requires that the contractor submit their payrolls weekly

to the contracting officer.

The main problem with this act is that the \$2000 threshold is too low. Very few construction projects are done for under \$2000 today. Much like the Service Contract Act, Davis Bacon was written in a time when business costs were much lower than they are today. The government would realize a large cost savings if the threshold were raised since there would be no prevailing minimum wage for particular work classifications for contracts under the SAT. There would also be a time savings for the contractor and contracting officer since fewer projects would be subject to payroll submission and enforcement of other related acts.

- The <u>Competition in Contracting Act</u> requires that competition must be sought for any contract estimated to be over \$2500. Much like the previous two problem laws, the main dilemma with CICA is that the threshold is too low. Markets have expanded and become more diverse than in the past and the chances of finding reasonable prices for items over the \$2500 level are greater than before. The dollar levels at which we start to become more concerned about seeking competition need to be raised to fit current spending patterns. Government should always seek a fair and reasonable price whether \$2.00 or \$200,000.00 is being spent. However, many procurement and non-procurement employees agree that the competition threshold be raised.

Raising the threshold would mean that we could procure more products and services quicker, awarding (usually) to local vendors whose prices we already know to be fair and reasonable.

C. Request for Quotes Process

- Current Request for Quotes Process:

- 1. If wage determination needed, CO requests it from DOL. (can take 6-8 weeks for response)
- 2. CO reviews submittals for format, accuracy, etc. Contacts employee, if necessary, to seek clarification on submittals/discrepancies.
- 3. CO develops time line for the RFQ process. (District RFQs take 6-8 weeks from submission to procurement to award. State Office IFBs take 8-10 weeks.)
- 4. If over \$25,000, CBD synopsis required.
- 5. CO prepares rough draft of solicitation and routes to employee for review, approval.
- 6. Solicitation mailing list developed.
- 7. Solicitation books and inserts are printed and mailed with copies to COR, display at contracting and field office front desks and local post office.
- 8. If amendment to solicitation is needed, CO prepares it and distributes to everyone. (2 copies go to contractors, one to keep and one send back as acknowledgment). If amendment issued within 10 days of closing, quote due date is extended.
- 9. Quotes received from contractors and logged in by CO and kept in secure location until time of opening.
- 10. Quotes opened in order of receipt and prices recorded on abstract form.
- 11. Low quoter is offered project. Any questions about significantly low quotes, crew size, etc. are

asked by the CO. Pre-work conference scheduled.

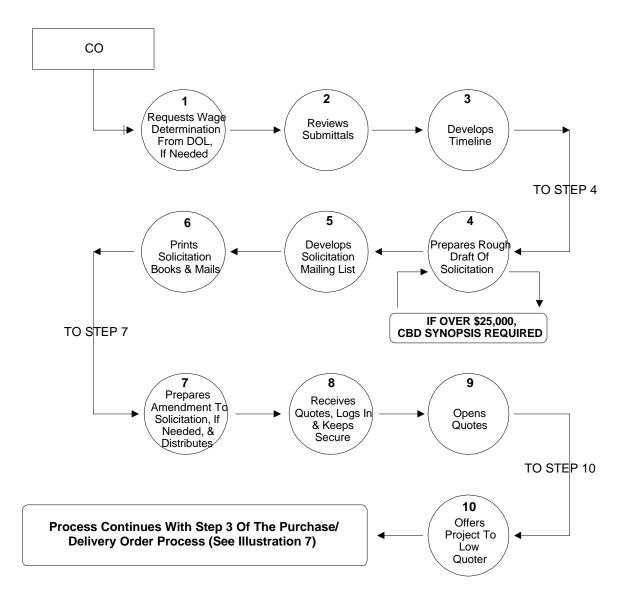
Process continues with step 4 of the Purchase/Delivery Order process through its end.

- Redesigned Request for Quotes Process:

(Use when written specifications or Dept. Of Labor (DOL) requirements are included)

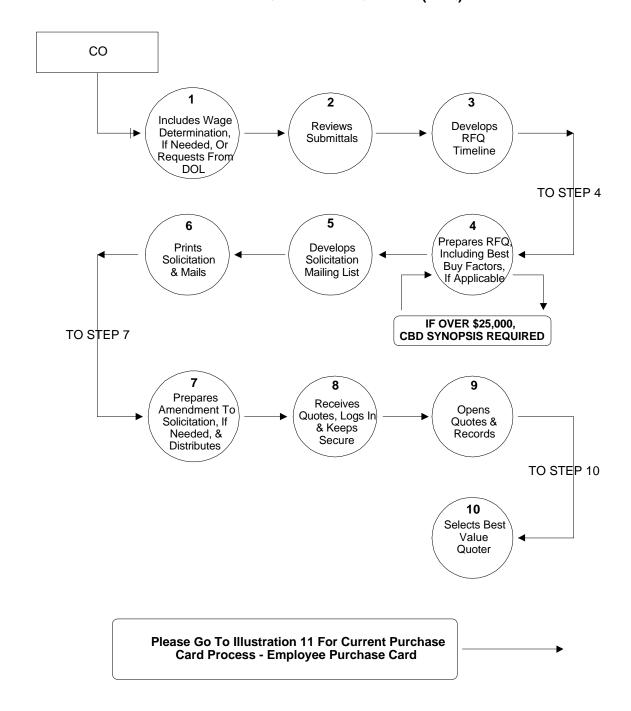
- 1. If wage determination is needed, CO includes it (Davis-Bacon, construction) or requests from DOL (Service Contract Act)
- 2. CO reviews submittals for format, accuracy, etc. Contacts requisitioner, if necessary, to seek clarification on submittals/discrepancies.
- 3. CO develops time line for RFQ process and provides feedback to requisitioner on status dates of contract.
- 4. If over \$25,000, CBD synopsis required. (Small Business Act and OFPP Act)
- 5. Prepares RFQ, include best buy factors if applicable, route to requisitioner for review (may be concurrent with solicitation mailing).
- 6. Solicitation mailing list developed generally minimum of 3, but can be more based on situation. If over \$25,000, list will include positive responses from advance notice to bidder's and CBD.
- 7. Solicitation books and inserts are printed and mailed or transmitted via Internet or by FAX with copies to COR, display at front desk and local postmaster. (FAX or Internet would reduce time for quote submission)
- 8. If amendment is needed, CO prepares it and distributes to everyone. (2 copies go to contractors, one to keep and one to send back as acknowledgment). If amendment issued within 10 days of closing, quote due date is extended.
- 9. Quotes received from bidders, logged in by CO, and kept in secure location until time of opening.
- 10. Quotes opened in order of receipt and prices informally recorded for office use.
- 11. If best value buy was noted on solicitation, best value quoter is selected. If low quote buy was noted on solicitation, low quoter is selected. Negotiations and evaluations also performed if necessary. Pre-work conference discussed. If construction over \$25,000 or requisitioner wants additional sureties for services over \$25,000, additional sureties required prior to award.

ILLUSTRATION 9. CURRENT REQUEST FOR QUOTES (RFQ) PROCESS



Please Go To Illustration 10 for Redesigned Request
For Quotes Process

ILLUSTRATION 10. REDESIGNED REQUEST FOR QUOTES (RFQ) PROCESS



- Benefits and Implementation Issues

Use of the decision tree to determine if a full written RFQ is needed, will reduce purchase lead time on most acquisitions. Including additional factors for basis of award will allow purchasing personnel to award based on factors other than the traditional low bid. This will improve the quality of the product or service and the overall cost to the Government.

New federal acquisition laws allow these changes to be made immediately. The changes are currently being taught in the newly redesigned BLM procurement training. The new communication methods that are a result of this acquisition redesign process will pass this information to procurement personnel.

D. Purchase Card

- Current Purchase Card Process Employee Purchase Card
- 1. Identify item
- 2. Use card to buy item
- 3. File VISA slip
- 4. Reconcile VISA slips against statement (mailed to employee), annotate charge code on statement
- Employee signs statement
- 6. Approving Official signs reconciled bill
- 7. Employee keeps copy of statement for file with all other VISA documentation, e.g. individual charge slips.
- 8. Remote Data Entry (RDE) of obligation is input into FFS and statement is forwarded to Business Center Finance for consolidation payment to Rocky Mountain BankCard System (RMBCS)

Redesigned Purchase Card Process - Employee Purchase Card

- 1. Identify item
- 2. Use card to buy item and add exception charge code if different from default code *
- 3. File VISA slip
- 4. Reconcile VISA slips against statement (mailed to employee) RMBCS bills BLM who certifies and pays under a default cost structure.
- 5. Employee signs statement
- 6. Approving Official signs reconciled bill
- 7. Employee keeps original for file with all other VISA documentation, e.g. individual charge slips.
- 8. Exception cost coding enter by RDE to table in FFS, if applicable.

DOI Finance Officer's Partnership (Project Action Team #1) is currently working with RMBCS on an interface for monthly purchase card bills where cards will be identified with default cost structure and monthly invoices from RMBCS would be paid by BLM initially based on those default cost structures. An option exists for exception cost coding by individual card holders. Exception coding would be input by RDE to a table in FFS. In the future, RMBCS may allow for exception coding at the point of sale and submit invoice with this information.

* = Individual office/management to establish dollar limit guideline for indicating exception cost coding based on cost efficiency

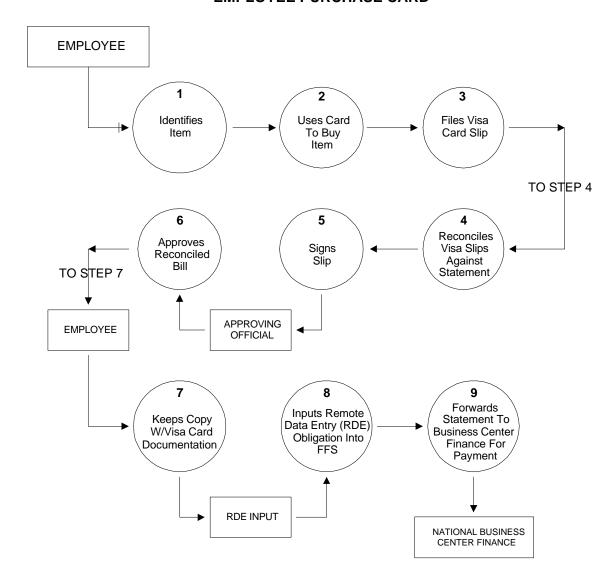
Current Purchase Card Process - Procurement purchase card

- 1. CO receives requisition from employee. (Request for Quotes (RQ) has specified need, charge code, approval signature, due date and source)
- 2. Order placed via phone with instructions for delivery and visa slip to be returned to CO.
- 3. CO annotates ordering info on RQ. Keeps yellow in CC file. Routes pink to requisitioner for their info and routes blue receiving and white info copy to warehouse (so they know the item is coming).
- 4. Item received (usually at the warehouse) and blue receiving filled out by warehouse person and returned to CO. (Warehouse person notifies requisitioner that item has arrived)
- 5. CO replaces yellow copy of RQ with blue receiving. Matches it with visa slip from vendor and holds in CC file until VISA statement arrives.
- 6. CO reconciles statement, notes cost coding, attaches supporting documents under it (blue receiving & visa slip).
- 7. CO signs statement and obtains approving official signature.
- 8. CO keeps copy of statement for file with all other VISA documentation, e.g. individual charge slips and requisitions
- 9. Remote Data Entry (RDE) of obligation is input into FFS and statement is forwarded to Business Center Finance for consolidation payment to Rocky Mountain BankCard System (RMBCS)

Redesigned Purchase Card Process - Procurement purchase card (purchases over \$2500)

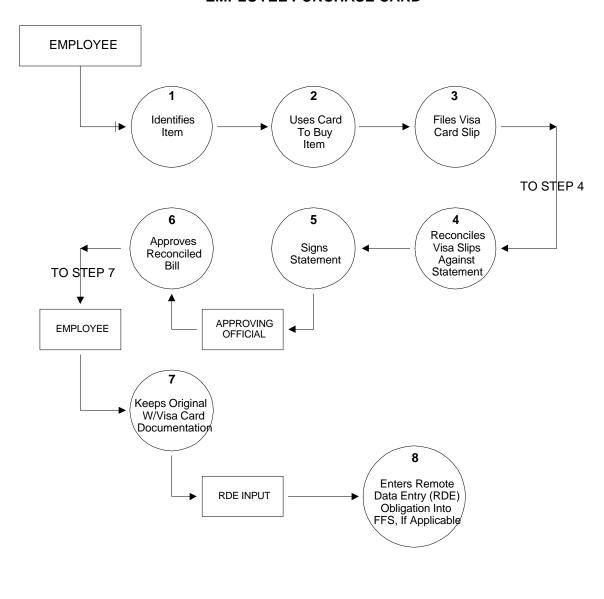
- 1. CO receives requisition from employee. (RQ has specified need, charge code, approval signature, due date and source)
- 2. Order placed via phone with instructions for delivery and visa slip to be returned to CO.
- 3. CO annotates ordering info on RQ. Keeps yellow in CC file. Routes pink to requisitioner for their info and routes blue receiving and white info copy to warehouse (so they know the item is coming).
- 4. Item received (usually at the warehouse) and blue receiving filled out by warehouse person and returned to CO. (Warehouse person notifies requisitioner that item has arrived)
- 5. CO replaces yellow copy of RQ with blue receiving. Matches it with visa slip from vendor and holds in CC file until VISA statement arrives.
- RMBCS bills BLM who certifies and pays under a default cost structure.
- 6. CO reconciles statement, notes exception cost coding, attaches supporting documents
- 7. CO signs statement and obtains approving official signature.
- 8. CO or RDE person enters exception cost coding into table in FFS.
- 9. Files statement.

ILLUSTRATION 11. CURRENT PURCHASE CARD PROCESS EMPLOYEE PURCHASE CARD



Please Go To Illustration 12 For Redesigned Purchase
Card Process - Employee Purchase Card

ILLUSTRATION 12. REDESIGNED PURCHASE CARD PROCESS EMPLOYEE PURCHASE CARD



Please Go To Illustration 13 For Current Purchase Card Process - Procurement Purchase Card

ILLUSTRATION 13. CURRENT PURCHASE CARD PROCESS PROCUREMENT PURCHASE CARD

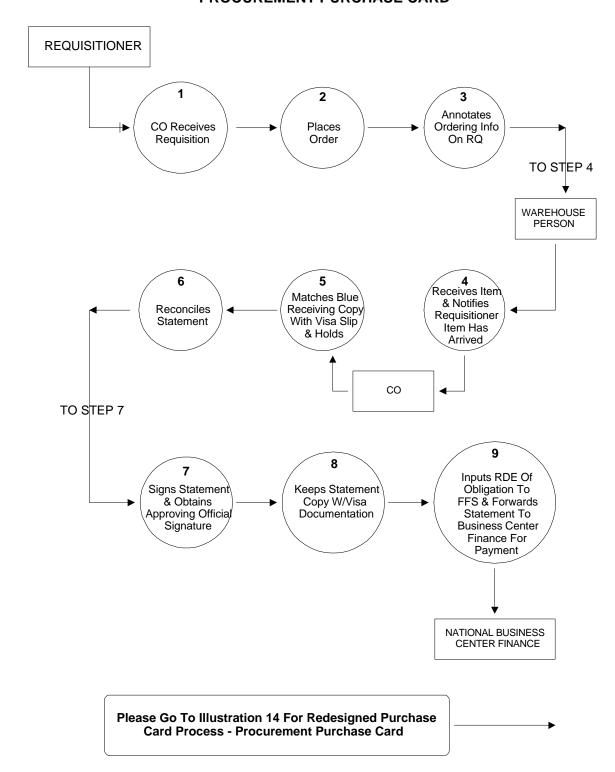
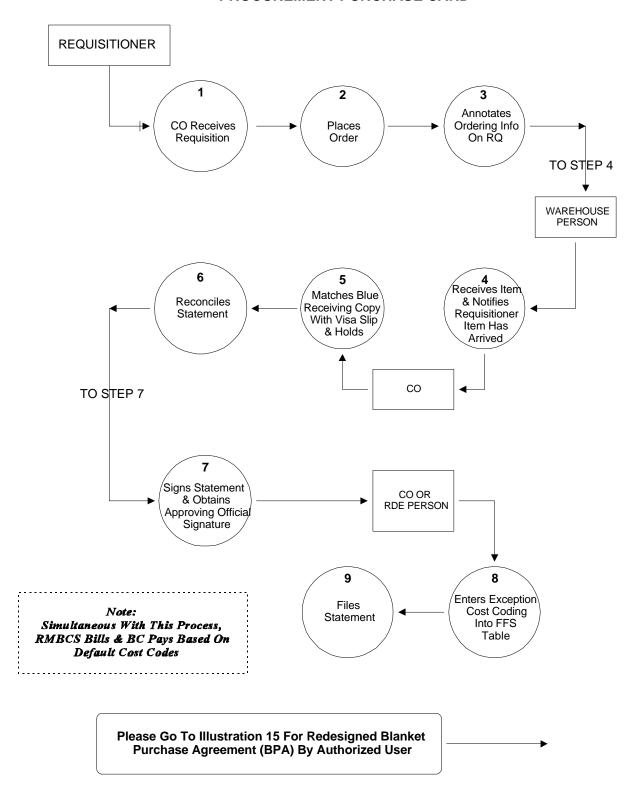


ILLUSTRATION 14. REDESIGNED PURCHASE CARD PROCESS PROCUREMENT PURCHASE CARD



- Benefits of Proposed Changes

Use of the non-procurement employee purchase card system has been partially implemented throughout the Bureau. Benefits include reduced paperwork for both procurement and non-procurement personnel, reduced time involved in acquiring the product or service, and one payment document for multiple items.

- Feasibility

New federal acquisition laws allow these changes to be made immediately. The changes are currently being taught in the newly redesigned BLM procurement training. The new communication methods that are a result of this acquisition redesign process will pass this information to procurement personnel and management.

- Remaining Constraints and Concerns

There are customers who want the ability for a non-procurement employee to have over \$2500 purchasing authority (maybe up to \$10,000). This employee would probably be an administrative assistant-type person who would be doing other duties. When the dollar threshold exceeds the micro-purchase limit, only warranted contracting officers may perform the procurement. To become a warranted contracting officer, existing warrant training requirements must be met. This includes an initial 40 hours of simplified acquisition training and 40 hours every other year thereafter.

E. Blanket Purchase Agreement (BPA)

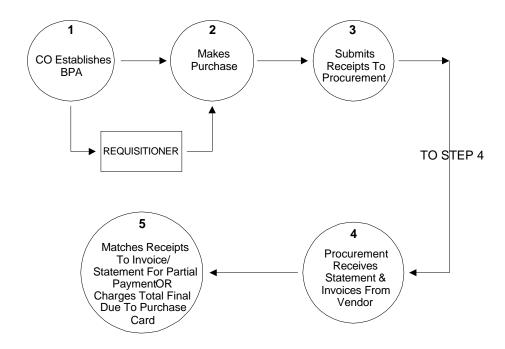
Because the BPA process is much less commonly used today than several years ago, and because the redesign recommendations are minor, a full exploration of the current process for comparison was not deemed necessary by the team. The streamlined Blanket Purchase Agreement (BPA) process is outlined below.

- 1. CO establishes BPA with vendor for misc. items on an as needed basis. List of authorized users and dollar per transaction limitations provided to vendor.
- 2. User has need, can be satisfied by BPA vendor, makes purchase, signs receipt, adds cost accounting data, and obtains Approving Official signature on receipt (if different than authorized user sig.), in lieu of requisition **OR** has requisition on file in procurement. [Currently requires requisition per transaction or bulk funding requisition prior to purchase for any item/cost code]
- 3. Receipts submitted to procurement for holding until vendor statement arrives.
- 4. End of month, vendor submits statement and invoices to procurement for payment.
- 5. Procurement matches receipts to invoice/statement, determines cost structure for total due to vendor, prepares partial payment package, and sends to Business Center Finance for payment process. **OR** calls vendor and charges total due to purchase card and processes with next purchase card statement.
- 6. List of BPAs is posted in procurement, list of authorized users per BPA is returned to using office.

- Benefits of Proposed Changes

Streamlining this process by reducing the requirement for requisitions will reduce paperwork and time. Communicating information to purchasing personnel regarding payment by the purchase card will allow them to use most efficient method to satisfy vendor and reduce processed paperwork.

ILLUSTRATION 15. REDESIGNED BPA PROCESS BY AUTHORIZED USER



Please Go To Illustration 16 For Sealed Bid Over Simplified Acquisition Transaction (SAT) - With Identified Areas of Streamlining

F. Sealed Bid Over SAT

The sealed bid, over the simplified acquisition threshold (SAT) process is outlined below, with suggested improvements included.

- 1. Receive procurement request/specifications
- 2. Determine type of procurement, assign solicitation # & CO assignment, log into solicitation book, complete Auto Track System (ATRACK), select Standard Industrial Classification (SIC) Code, Product Service Code (PSC)
- *3. Prepare SBA coordination form DI-1886, FAX information to SBA
- 4. Prepare acknowledgment letter w/milestone schedule to requisitioner
- 5. Prepare Commerce Business Daily (CBD) announcement, applies to project over \$25,000, electronically send to CBD (2 days for transition, must be published 15 days prior to solicitation issuance Future use of Internet will streamline this process.
- 6. Compile bidders list
- 7. Set up folder
- 8. Prepare, copy, and mail Pre-solicitation Notice
- 9. Review specs, draws for completeness
- 10. Select appropriate FAR clauses, using FARA and WordPerfect
- 11. Prepare package for Government Printing Office (allow 10 working days for GPO to print and return)
- 12. Establish planholders list (positive responses from pre-sol notice and CBD)
- 13. Mail solicitation to planholders, (at least 30 days after receipt of requisition,) make internal distribution of solicitations (6-8 offices)
- *14. Review by solicitor (over \$150,000), required on all projects
- 15. Site tour conducted by government personnel
- 16. Prepare & issue amendments, as needed
- 17. Receive, log in, secure bids
- 18. Prepare abstract, conduct public bid opening, record all bids
- 19. Verify price extensions
- 20. Provide feedback to requisitioner on bid results
- 21. Determine responsibility of Contractor

- *22. Prepare recertification of fund document, FAX recertification to requester & Procurement Analyst
- 23. Request payment and performance bonds, if needed
- 24. Congressional Notification 3 days in advance of award if greater than \$300,000
- 25. Prepare award documentation, prepare COR/PI designation letters, prepare letters to unsuccessful bidders & distribute
- 26. Post bidders system & ATRACK system
- 27. Prepare Individual Contract Action Report (ICAR)
- 28. Prepare and transmit award synopsis to CBD
- 29. Conduct pre-work conference, issue Notice to Proceed
- 30. Issue modifications, as needed, request proposal from contractor, evaluate proposal against government estimate, negotiate terms of modification
- 31. Enforce Davis Bacon and related Acts, includes reviewing payrolls
- 32. Review contract diaries submitted by COR & PI (completed upon each visit to site)
- 33. Investigate & respond to Contractor claims
- 34. Process partial/progress payments (send to BC for payment see Payment Process)
- *35. Process final payment, Release of Claims processed by BC Finance
- 36. Complete Contractor Performance Profile and close out contract

Other processes that may occur during the solicitation or award processes

- PROTEST BEFORE AWARD
- VERIFICATION OF BID PRICES
- MISTAKE IN BID
- LATE BID
- ADVISE COR/PI ON CONTRACT ISSUES
- CURE/SHOW CAUSE LETTER
- TERMINATION ACTIONS

^{*} Indicates that this step has been identified for review/streamlining, i.e., DI-1886 required only on projects not set-aside for small business, legal review required only on unique or unusual projects, use FFS to determine funding availability rather than recertification form, and Release of Claims being processed by procurement rather than BC Finance

ILLUSTRATION 16. SEALED BID OVER SIMPLIFIED ACQUISITION THRESHOLD (SAT) PROCESS With Identified Areas Of Streamlining

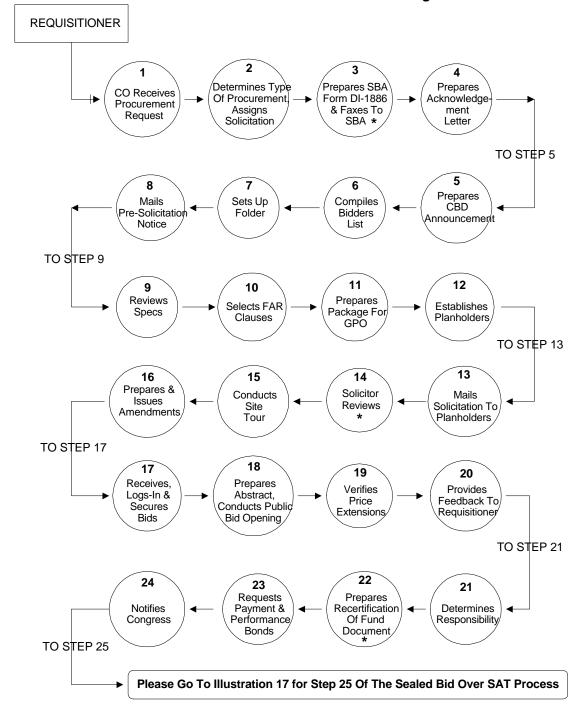
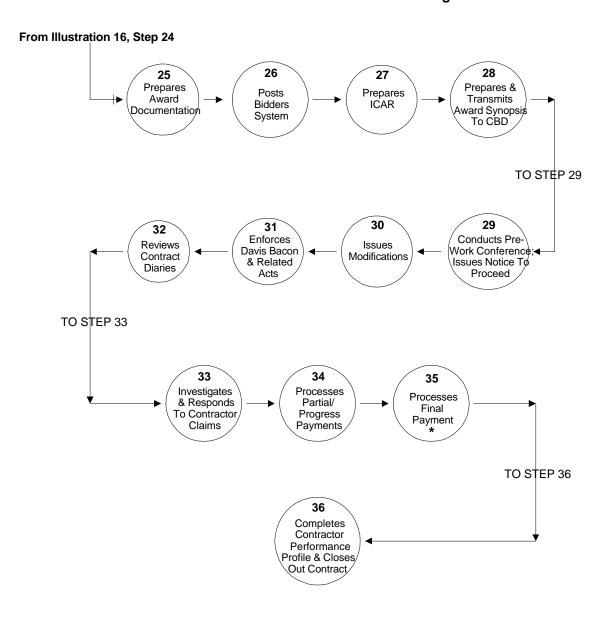


ILLUSTRATION 17. CONTINUATION OF SEALED BID OVER SIMPLIFIED ACQUISITION THRESHOLD (SAT) PROCESS With Identified Areas Of Streamlining



Please Go To Illustration 18 for The Request For Proposal (RFP)
Over SAT Process

G. Request for Proposal (RFP)

The Request for Proposal over the simplified acquisition threshold (SAT) process is outlined below, including areas identified for streamlining.

- 1. Receive requisition
- 2. Assign Sol. No. and Contracting Officer, enter project in ATRACK
- 3. Review SOW, evaluation criteria, evaluation plan
- 4. Rewrite, as needed
- *5. Determine set-aside provision, complete SBA coordination form DI-1886, FAX coordination form to SBA
- 6. Determine type of contract (fixed-rice, cost reimbursement)
- 7. Select SIC & PSC
- 8. Prepare milestone schedule
- 9. Prepare synopsis, transmit electronically to Commerce Business Daily
- 10. Generate & print bidders list
- 11. Prepare, copy, mail pre-solicitation notice
- *12. Prepare solicitation using FARA, *consider using oral presentations
- 13. Prepare solicitation print package and send to GPO for printing
- 14. Create Solicitation Offerors List from positive pre-sol and CBD responses
- 15. Mail solicitation to offerors
- 16. Issue amendments, as needed
- 17. Designate Technical Proposal Evaluation Committee
- 18. Conduct pre-proposal conference, if needed
- 19. Log receipt of proposals and secure
- 20. Open & Review proposals, separate technical from cost proposals
- 21. Provide proposals to technical performance evaluation committee (TPEC), technical proposal only, conduct briefing of TPEC
- 22. Review TPEC memo w/technical scores
- 23. Provide cost proposal to TPEC (OR CO can evaluate), conduct initial evaluations

- 24. Receive TPEC evaluation plan
- 25. CO prepares pre-negotiation memo
- 26. CO determines competitive range
- 27. Request pre-award audit for potential awardees
- 28. Chair discussions/negotiate adding pre-award audit results
- 29. Request Best and Final Offer (BAFO)
- 30. Receive, review, transmit to TPEC BAFO
- 31. Review TPEC memo on BAFO with scores
- 32. Prepare post negotiation memo
- 33. Prepare best buy analysis
- 34. Prepare source selection statement
- *35. Obtain legal review
- 36. Obtain EEO clearance, when project exceeds \$1,000,000
- 37. Obtain subcontracting plan clearance from Small Business Administration, (required on awards to large business, construction exceeding \$1,000,000, \$500,000 on other types of contracts)
- *38. Prepare funds available request, prepare award recommendation
- 39. Congressional Notification 3 days in advance of award if greater than \$300,000
- 40. Prepare award documents & distribute, designate Contracting Officer's Representative, prepare unsuccessful offeror letters and distribute
- 41. Prepare & issue award synopsis
- 42. Post bidders system in and ATRACK
- 43. Prepare ICAR
- 44. Debrief offerors
- 45. Issue modifications, as needed, request proposal from contractor, evaluate proposal against government estimate, negotiate terms of modification
- 46. Investigate & respond to Contractor claims
- 47. Process partial/final payments (send to BC for payment see Payment Process)
- 48. Complete Contractor Performance Profile and close out contract

ILLUSTRATION 18. REQUEST FOR PROPOSAL (RFP) OVER SIMPLIFIED ACQUISITION THRESHOLD (SAT) PROCESS With Identified Areas Of Streamlining

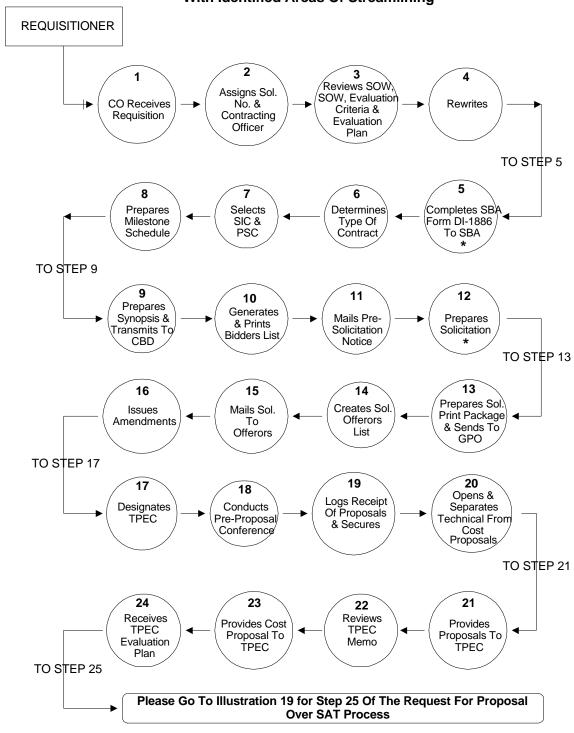
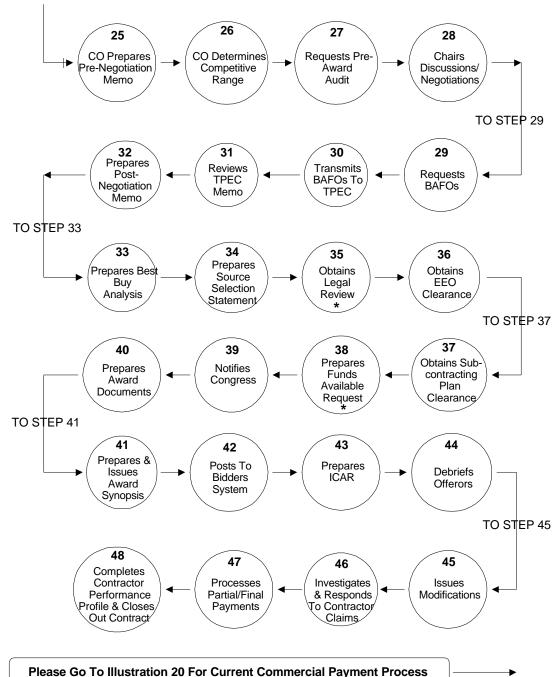


ILLUSTRATION 19. CONTINUATION OF REQUEST FOR PROPOSAL (RFP) OVER SIMPLIFIED ACQUISITION THRESHOLD (SAT) PROCESS With Identified Areas Of Streamlining

From Illustration 18, Step 24



H. Commercial Payment Processes

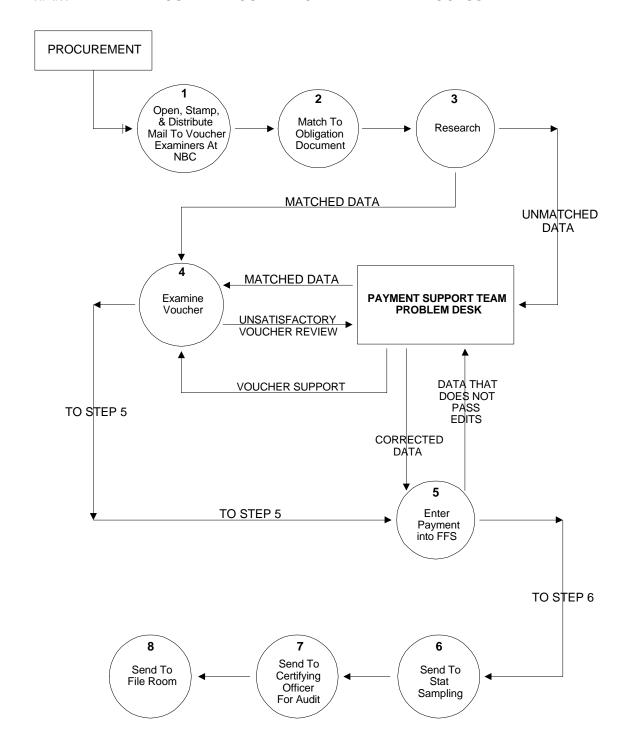
The current commercial payment process is outlined below.

- 1. Mail received at NBC, opened, stamped and distributed to voucher examiners.
- 2. Invoices and receiving reports are matched to obligation document.
- 3. If match is made, a voucher packet is prepared and the voucher is reviewed by examiner.
- 4. If no match, examiner researches, resolves if possible and continues with step 3.
- 5. If examiner can't resolve quickly, problem is sent to Payments Support Team or back to field. After resolution, the voucher packet is returned to examiner and continues with step 3.
- 6. If review is satisfactory, the data for payment is entered in FFS.
- 7. If review is unsatisfactory, and problem cannot be resolved quickly, the voucher is sent to Payments Support Team for resolution. After resolution, voucher packet is returned to examiner and continues with Step 6.
- 8. If payment passes all edits in accounting system, determination is made as to whether the payment is a statistical sampling payment. If it is less than **\$2500**, it scheduled for payment in FFS and forwarded to the Statistical Sampling Desk.
- 9. If voucher is selected for auditing, it is forwarded to the certifying officer for audit. If not, it is forwarded to file room to be filed.
- 10. If the payment is **\$2500**, or more, it is entered in FFS, put on "hold" and forwarded to a certifying officer for review. After review, the payment is released in FFS and the voucher is forwarded to file room to be filed.
- 11. FFS schedules payments nightly and they are transmitted to Treasury. The scheduled payments are signed electronically by a Certifying Officer.

Redesigned Commercial Payment Process

All steps in the redesign process are the same as above. A request for a waiver to increase the amounts in Step 8 and Step 10 to a higher amount will be forwarded to GAO.

ILLUSTRATION 20. CURRENT COMMERCIAL PAYMENT PROCESS



V. IMPLEMENTATION ISSUES

A. Training and Policy Communication

Many changes have been made over the last two years to federal acquisition regulations. Even more changes are being made today. All of these changes are based on the need to simplify and streamline the acquisition process while still maintaining the integrity and trust of the public. As these changes occur at the top acquisition level, the need to implement and filter information to field office procurement personnel in a timely and consistent manner becomes vital. Keeping management informed and having their support is equally as vital.

Communication is the key. Annual procurement workshops substantially assist in the implementation of new regulations and in the consistency of applying them. Workshops should include procurement analysts as well as team leaders. The exposure of large dollar acquisition buyers to the simplified acquisition buyers and their flexibility in the SAT arena is not only a good cross-training method but allows for uniform and consistent answers to our requisitioner customer.

This new information is then disseminated to the rest of the procurement personnel. State procurement analysts are responsible for implementing the changes within their respective states. This will be accomplished by visiting field offices and providing training to both procurement and non-procurement personnel. Other methods may include conference calls, in-state workshops, or written information through IMs, IBs, or GroupWise.

In order to implement changes uniformly throughout the Bureau, management will be kept informed. This will start at the Washington Office level through methods including management team meetings and written guidance. By heightening their awareness and understanding of the changes and how these benefit them, there will be better support of the procurement staff as they implement them.

Recently revised simplified acquisition training includes training in soft skills as well as the recent changes to the procurement regulations. Two additional training projects are still being developed - Acquisition for Managers and Acquisition for the Customer (Requisitioner). The Procurement Training Improvement Team will continue to monitor and ensure that the training is meeting the needs of both the procurement personnel and their customers.

Although this team was not able to eliminate laws and statutes that obstruct the simplification and redesign process, many ideas surfaced regarding a different or better way to do business. Some of these processes are currently being performed at various offices, but due to lack of communication, have not been implemented Bureau-wide. The communication of these ideas through the methods indicated above will immediately improve the acquisition process.

A decision tree has been developed to assist managers, requisitioners, and procurement staff in determining the most efficient method to use for an acquisition. If the most efficient method is acquisition by a purchase card of a non-procurement cardholder, then that is the method that should be used. Preparing a requisition and routing to procurement for them to use their card is not acceptable. Increasing the procurement delegation of authority for non-procurement employees has supported the reduction in procurement staff, allowing them to focus on the more complex procurement needs.

Support from the procurement staff is greatly enhanced when they are included in the advance project planning and budget process. With advance knowledge of potential procurement needs, steps in the procurement process can begin well in advance of receipt of a requisition. Advance planning can reduce the time it takes for a requisitioner to receive a supply or service and increase the quality based

on the increased quantity of vendors we have to choose from. Examples of advance procurement tasks include acquiring wage determinations from Department of Labor, establishing indefinite quantity type contracts where orders could be placed against an awarded contract, search for other established contracts, and search for additional qualified vendors.

B. Use of Oral Presentations

The oral presentation technique is an innovative, legal procurement practice that eliminates, or greatly reduces the need for written material in competitors' proposals, where the information can be conveyed in a more meaningful and efficient way through verbal means. It saves both the Government and competitors time and money. There is nothing that suggests that the use of oral presentations would impair the selection decision, or that a binding contract would fail to come into existence.

ADVANTAGES:

The advantages of the oral presentation technique is that it:

- o saves significant procurement lead time;
- improves communication and the exchange of information between the government and offerors:
- reduces Government costs;
- can make customers feel more involved in contract selection and award;
- o can improve the ability to select the most advantageous offer.

The Internal Revenue Service (IRS) realized an 18 day improvement over standard lead time; the Nuclear Regulatory Commission (NRC) saves 5 days; the Bureau of Engraving and Printing saved several months. The Federal Aviation Administration (FAA) saved approximately 500 staff hours in their test procurement. The Bureau of Engraving and Printing experienced an estimated \$58,000 reduction in administrative costs.

Oral presentations avoid the trappings of lengthy written marketing pitches and essay writing contests. Through an oral presentation, Government evaluators, focusing more on personal interaction between the proposed key personnel, often gain a view of the offeror's key personnel by witnessing how they present themselves, how they work together, and how they communicate technical information to Government personnel. It allows for essentially a "job interview" of the proposed individual. An additional advantage is that the oral presentation process may provide a more level playing field for offerors with expertise in satisfying the Government requirement, but less experience in government proposal preparation. It is one way to "ferret out" the proposers who know their stuff versus those who have great writers.

Open communication between the offeror and the Government is one of the primary benefits to using oral presentations. However, oral presentations are **not** synonymous with oral discussions (or negotiations).

APPLICABILITY:

As a rule of thumb, hard data ("facts") regarding an offeror's performance history and contractual commitments, cost information, representations and certifications, and personnel resumes should be provided as part of the written information. Soft data (e.g., capability, plans, approaches) can be conveyed accurately and in sufficient detail through oral presentation. The oral presentation techniques have been used to convey information in such diverse areas as: responses to sample tasks; quality of samples; and transition plans.

Oral presentations are most useful when there is a clear and reasonably complete statement of the Government's requirements, the technical and management information requested is neither voluminous nor highly complex, and the offeror's qualifications to perform the work and understanding of the requirement are the prime evaluation criteria. Solicitations for task order contracts may be particularly susceptible to the oral presentation approach since the Government is literally buying capability to perform work that will be more specifically defined after contract award.

Oral presentations have already been used successfully for a wide range of services, e.g., technical and management services (FAA), guard services (NASA), graphic and publication services (IRS), animal husbandry (CDC), ADP services (NRC), and the new \$100 note (Bureau of Engraving and Printing). The IRS has identified two, high dollar value information technology requirements, and DOE has identified four solicitations, including a multi-billion dollar management and operating requirement that will rely on oral presentations.

PROCESS:

These procurements did not all follow a common procedure in applying their approaches to this methodology. Variations in approach included:

- the media used to record presentations (ranging from the notes of the evaluators to verbatim transcripts, audiotape and videotape);
- o restrictions on the extent and nature of material used in the presentation;
- o the Government participants;
- o the offeror's presentation team; and
- o the amount of time permitted for the presentation.

If an audiotape or videotape is used to record the presentation, it will be part of the official record, and a redacted version of the tape after review by both the Government and the offeror may be available to the public under the Freedom of Information Act. However, there are advantages to video recording in order to preserve the record and permit evaluators to revisit the presentation. In fact, the FAA developed a unique strategy for employing the videotape under their Air Traffic Systems Development Technical Assistance Contract. Rather than the full Technical Evaluation Committee present during each of the presentations, videotapes were made of each presentation for the purpose of providing the tapes to the evaluators for viewing at a later time. The approach offered considerable advantages because of the large number of evaluators needed; the difficulties in scheduling; and the fact that serving on an evaluation team usually is an additional responsibility for most program and project personnel. Evaluators were able to review the tapes at times most convenient to their schedules, saving time and in some cases travel costs.

Clearly, there is no one best approach for using oral presentations. Therein lies the true benefit of the technique. We are free to design a scheme that best fits the nature of the procurement and the availability of resources in tailoring the oral presentation methodology. However, the solicitation must notify offerors that oral presentations will be used to evaluate and select the contractor, and the approach must be stated. "Guidelines for The Use of Oral Presentations" were developed by the Procurement Innovation Working Group of the Procurement Executives Association. The guidelines were provided to the Bureaus by the Department of the Interior in IARC Memorandum 96-18.

RECOMMENDATION:

The Administrator of the Office of Federal Procurement Policy, Dr. Steven Kelman is championing oral presentation as an effective and powerful source selection streamlining

technique, and a proven alternative to the costly and time-consuming traditional approach of written proposals. However, there are cultural issues at play. Those contracting, legal, and technical staffs with a more conservative leaning may not readily accept this bifurcation of the proposal. In addition, there may be information presented orally that could, or should, find its way into the contract. In some cases, this may not be known until after the information is actually presented by the offeror. While the risk of occurrences can be minimized through carefully thought out evaluation criteria and proposal preparation instructions, it may never be completely eliminated.

Management should encourage employees to use this innovative technique to the maximum extent practicable for competitive, negotiated fixed price and cost-plus-fixed fee contracts. This can be accomplished through an Instruction Memorandum. Management should also recognize and reward those who save the BLM and its vendors time and money by practicing this technique.

C. Use of Internet

The Internet is a new tool that appears to be fundamentally changing acquisition business transactions. It is quickly becoming the most useful tool in which to conduct business transactions and increase operational efficiency. Probably in recognition of the Internet usage and the changing electronic commerce infrastructure, the Federal Acquisition Reform Act (FARA) authorizes the use of simplified acquisition procedures without the use of EDI. The FARA is expected to be implemented in the Federal Acquisition Regulations (FAR) late this summer. The FARA delays FACNET certification until 1999. Those procurement offices which are not certified by that time, must revert back to a \$50,000 simplified acquisition threshold.

FARA requires all of the General Services Administration's (GSA's) catalog and schedule items to be up on the Internet by the end of fiscal year 1997. Many GSA items are already on the Internet at the following address: http://www.gsa.gov. This on-line ordering system, known as GSA Advantage, will offer 4 million products from 7,000 vendors on 120 government schedules. The GSA claims that buyers can purchase everything from paper clips to automobiles using the user-friendly, point-and-click ordering system. Purchases can be charged on government (VISA) purchase cards.

Many vendors are also setting up shop on the Internet using applications such as Netscape IStore. Based on industry-standard protocols and built on Netscape Commerce Server with integrated security, Netscape IStore includes a built-in credit card processor that enables the processing of credit card transactions over an encrypted channel. It also integrates a relational database for easy information tracking and management; easy searching of product information; and straight-forward billing and order processing.

The GSA also has an unedited version of the Federal Acquisition Regulations (FAR) on the Internet. The GSA plans to have a complete, edited FAR by the end fiscal year 1996 at which time it plans to phase out the paper version of the FAR. When changes are made to the FAR resulting from new statutes, agencies will be able to download the complete FAR part in which there are changes, thereby eliminating the need for rekeying, interpretation or insertion of data. This will assure the integrity of the data base in which solicitations and contracts are drafted, and increase efficiency.

The Acquisition Reform Network (http://www-far.npr.gov), developed by the National Performance Review, enables members of the acquisition community in the public and private sectors to exchange information and participate in joint problem-solving exercises. It features a reference library of policy documents and federal acquisition regulations, plus a database of promising procurement practices.

There are also plans to place the Commerce Business Daily (CBD) on the Internet by the end of fiscal year 1996. Presently, agencies must pay \$18 to place each notice of solicitations in excess of \$25,000 in the CBD. Also, under an Office of Federal Procurement Policy Act innovative procurement pilot test, NASA is placing its solicitations up to \$5 million on the Internet. Present Federal Acquisition Statutes require a minimum of 15 days between the time that the notice appears in the CBD and the solicitation except for the acquisition of commercial items when the CBD synopsis and relatively simple solicitations can be combined not to exceed 12,000 textual characters (about 3 1/2 single-spaced pages). If authorized and the statute was changed, the Internet could be used for posting both the CBD notice and all solicitations (whether they are for commercial items or not) at the same time and referencing where the solicitation could be found. Also, the two weeks that the Government Printing Office (GPO) needs to print the solicitation would be saved. At least 15 days could be saved for customers. Vendors would have immediate access to solicitations, and hundreds of trees could be saved by not having to print numerous copies of each solicitation.

The team understands that Department of Energy (DOE) is processing not only its solicitations, but orders and payments electronically with over 3,000 trading partners. The Veterans Administration is doing likewise. Both are not using the DoD VAN infrastructure.

The U.S. Government VISA purchase card, Fed-select checks and imprest are the primary tools to process over 80% of the transactions less the micro purchase threshold of \$2,500. The Internet is quickly becoming the tool for processing much of the remaining acquisitions more efficiently and fundamentally changing the way we do business.

D. Flexibility and Practical Approaches

To some "consistency" in acquisition is a primary, and extremely important, goal. This perspective by definition, places restrictions on how things may be done, and therefore could be considered "inflexible". Broad and consistent use of the recommended "re-engineered" procedures falls into this "need for consistency" category. As an example, we want everyone who can, to use VISA charge cards to do so, i.e. we want broad and consistent application of this acquisition tool.

However, because of the wide variability of work environments in BLM, there is also an equally important need to be flexible. It must be recognized that there are some situations that require flexibility in meeting customer needs. In order to meet customer needs, acquisition personnel must have the prerogative to choose from a variety of acquisition tools that are available to them. We do however then need to be consistent on how we implement procedures for the chosen tool.